

November 28, 2011

STENEHJEM WARNS ABOUT SCAMS USING “GREEN DOT MONEYPAK” PAYMENT

BISMARCK – Attorney General Wayne Stenehjem is warning consumers about a new twist to wire fraud and advance fee scams – using reloadable prepaid cards, such as the “Green Dot MoneyPak” cards, which are sold at thousands of retail stores including CVS, Radio Shack, Wal-Mart, K Mart, and Walgreens.

The cards are used like normal debit or credit cards, but are prepaid, reloadable, and not linked to a bank account. Purchases are deducted from the balance stored on the card and the cards can be “reloaded” with additional money. The consumer uses cash to buy or reload the cards.

“Scammers have moved to this new method of payment, reloadable debit cards, because there have been so many warnings about using Western Union and MoneyGram to wire money,” Stenehjem said. “Right now, Green Dot MoneyPak appears to be the most frequently used prepaid card.”

According to Stenehjem, the scam artists tell victims they have won a large amount of money or are eligible for a grant, but in order to claim their money they must pay an upfront fee. The victim is instructed to go to a store that sells the Green Dot MoneyPak and purchase the card for a specified amount. When they have purchased the Green Dot card they are instructed to call a particular number or the con artist makes arrangements to call them back at a specified time.

During the next contact, the scammer asks for the card code. Within seconds, all the money the victim loaded on the card is stripped off the card. “Since reloadable prepaid cards like the Green Dot MoneyPak are purchased with cash, the payments are untraceable and the card company will not refund the money,” said Stenehjem.

According to Parrell Grossman, director of the Attorney General’s Consumer Protection Division, the victims unfortunately do not understand how the prepaid cards work and do not realize the money can be removed from the card just by giving the con artist the code on the card. “Anyone who requires an upfront payment specifically by prepaid card such as a Green Dot MoneyPak is likely to be operating a scam. Grossman said. “We are aware of a Bismarck victim who lost over \$17,000 last week and another incident over the past weekend in which the Bismarck Police Department foiled this scam when they were contacted by the potential victim.” According to Grossman, this scam is likely targeting victims all over the state at this time.

Consumers who have received these solicitations or who have questions should contact the Consumer Protection Division, toll-free at 1-800-472-2600 or 701-328-3404.

###